

**THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI E. PONNUSWAMY):** (a) and (b) Oil and Natural Gas Corporation Ltd. (ONGC) had committed for payment of Rs. 6.00 crores for a bridge on Vishist river. The full payment has already been released to the State Government of Andhra Pradesh by ONGC. As regards, the bridge between Yanum and Yedhurulanka, ONGC had agreed to contribute a sum of Rs. 10.00 crores in four instalments of Rs. 2.50 crores each. ONGC has already released the first instalment of Rs. 2.50 crores. Release of the second, third and final instalment will be made on receipt of a certificate from the State Government of Andhra Pradesh by ONGC that 40%, 70% and 100% of the construction work respectively, has been completed and no time frame can be set.

#### **Strategy on OIL Exploration**

**87. SHRI R.S. GAVAI:** Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

- (a) whether Government have formulated comprehensive strategy on oil exploration;
- (b) if so, the details thereof;
- (c) whether Government have decided on production sharing norms for the New Exploration Licensing Policy;
- (d) if so, the details thereof; and
- (e) the steps proposed to increase self-sufficiency in oil sector?

**THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI E. PONNUSWAMY):** (a) and (b) As per the Ninth Five Year Plan, the thrust area of exploration and production of crude oil and natural gas are:

- Expeditious implementation of the New Exploration Licensing Policy (NELP).
- Acceleration of exploration efforts, especially in deep offshore areas and also in frontier area.
- Improvement in reservoir management and enhancing of oil recovery.
- Exploration and exploitation of Coal Bed Methane.
- Private participation in Exploration and Production activities.

(c) and (d) Government has already finalised Model Production sharing Contracts containing detailed fiscal and contractual terms for the NELP. The board terms are given in statement enclosed (*See below*).

(e) Major steps taken to increase the degree of self-reliance in production of oil and natural gas and refining capacity in the country, are as follows:

- (i) Optimizing production from existing fields by better reservoir management through 3-D seismic surveys, infill drilling; better pressure maintenance by redistributing water injector, installation/ optimisation of artificial lift system and use of advanced & cost effective technologies for sand control, water shut off etc.
- (ii) Faster development of newly discovered oilfields.
- (iii) Finding new hydrocarbon reserves through intensified exploration activities such as:
  - Exploration at greater depths in existing fields.
  - Extending exploration activities to deep waters and frontier areas.
  - Increased private participation in exploration and production activities.
- (iv) Targeting of alternate hydrocarbon resources, i.e. Coal Bed Methane (CBM) and Gas hydrates.
- (v) The refining capacity is also being increased in the country by expansion of existing refineries in the public sector and by setting up of refineries in joint sector and private sector.

### **Statement**

*The broad terms of NELP are as under:—*

- \* No signature, discovery or production bonus.
- \* No mandatory state participation.
- \* No carried interest by National Oil Companies (NOCs).
- \* Income Tax Holiday for seven years from start to commercial production.
- \* No customs duty on imports required for petroleum operations.

- \* Biddable cost recovery limit upto 100%.
- \* Option to amortise exploration and drilling expenditures over a period of 10 years from first commercial production.
- \* Biddable sharing of profit petroleum based on pre-tax investment multiple achieved by the contractor.
- \* Royalty for onland areas is payable at the rate of 12.5% for crude oil and 10% for natural gas. For offshore areas, it is payable at the rate of 10% for oil and natural gas. Royalty for discoveries in deep water areas beyond 400 m iso-bath will be chargeable at half the applicable rate for offshore areas for the first seven years of commercial production.
- \* Fiscal stability provision in the contract.
- \* Freedom to the contractor for marketing of oil and gas in the domestic market.
- \* Provision for assignment.
  
- \* Conciliation and Arbitration Act, 1996 will be applicable.

**Target set for supply of Iranian Gas to India**

**88. SHRI SOLIPETA RAMACHANDRA REDDY:** Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

- (a) the target set for supply of Iranian gas to India;
- (b) the approximate cost of purchase and the period of supply; and
- (c) the guarantee for the safety and security of the pipeline passing through Pakistani territory?

**THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI E. PONNUSWAMY):** (a) An Indo-Iran Joint Committee on Transmission of Gas consisting of the representatives of the Government of Iran and India has been constituted to examine all the aspects including political, technical and financing etc. relating to the proposal of Iran for supply of natural gas to India.

(b) and (c) Does not arise, as the proposal is at the preliminary stage.